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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

Approximately 69,370 Bitcoin (BTC), Bitcoin  
Gold (BTG), Bitcoin SV (BSV), and Bitcoin  
Cash (BCH) seized from  
1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hbhx

Defendant.

Lucas E. Buckley, as Trustee of the Gox Victim  
Bitcoin Trust,

Claimant.

CASE NO. CV 20-7811 RS

**DECLARATION OF JEREMIAH HAYNIE IN  
SUPPORT OF UNITED STATES' REPLY IN  
SUPPORT OF MOTION TO STRIKE  
CLAIMANT LUCAS BUCKLEY'S AND THE  
GOX VICTIM BITCOIN TRUST'S VERIFIED  
CLAIM FOR LACK OF STANDING**

Hearing Date: June 9, 2022 (Vacated)  
Time: 1:30 p.m.  
Court: Hon. Richard Seeborg



1 I, JEREMIAH HAYNIE, state as follows:

2 1. I am a Special Agent with the Criminal Investigation Division of the Internal Revenue  
3 Service (“IRS-CI”). I am a case agent assigned to this case. I respectfully submit this declaration to  
4 provide certain relevant information in support of the United States’ Reply in Support of the Motion to  
5 Strike the Verified Claim of Lucas E. Buckley, as trustee of the Gox Victim Bitcoin Trust. I personally  
6 conducted the blockchain analysis of the bitcoin at issue in this case and was involved in the  
7 investigation from its inception to the present day.

8 2. In addition to various trainings, I have led or been a part of investigations that involved  
9 tracing bitcoin and other cryptocurrencies. I have been detailed to the Washington D.C. Cyber Crimes  
10 Unit (“CCU”) since it was created by Internal Revenue Service, Criminal Investigation in 2015. Since  
11 its inception, the Washington D.C. CCU has been staffed by as few as four Special Agents and as many  
12 as twelve. In addition to this investigation, the CCU has had considerable success using cryptocurrency  
13 tracing to identify individuals engaged in crime. For example, bitcoin tracing in an investigation I led  
14 resulted in the identification of Roger Karlsson, an individual that operated an online investment scam  
15 out of Thailand resulting in losses of more than \$16.9 million. Karlsson pleaded guilty to these crimes in  
16 March 2021 and was sentenced to 15 years’ imprisonment.

17 3. From its inception in 2011 until October 2013, when it was seized by law enforcement,  
18 Silk Road was the most sophisticated and extensive criminal marketplace on the Internet, serving as a  
19 sprawling black-market bazaar where unlawful goods and services, including illegal drugs of virtually  
20 all varieties, were bought and sold regularly by the site’s users. During its two-and-a-half years in  
21 operation, Silk Road was used by thousands of drug dealers and other unlawful vendors to distribute  
22 hundreds of kilograms of illegal drugs and other unlawful goods and services to well over 100,000  
23 buyers, and to launder hundreds of millions of dollars derived from these unlawful transactions.

24 4. The only form of payment accepted on Silk Road was bitcoin. Upon registering an  
25 account with Silk Road, users were assigned a Bitcoin address. Bitcoin sent to the user’s Bitcoin address  
26 was credited to the user’s account.

27 5. On approximately May 6, 2012, Individual X stole 70,411.46 BTC from addresses  
28 controlled by Silk Road and transferred it to two Bitcoin addresses—



1 1BADznNF3W1gi47R65MQs754KB7zTaGuYZ (hereafter “1BAD”) and  
 2 1BBqjKsYuLEUE9Y5WzdbzCtYzCiQgHqtPN (hereafter “1BBq”). Individual X used a vulnerability  
 3 that allowed him to withdraw funds from Silk Road without authorization. The transfers to 1BAD and  
 4 1BBq came from the general pool of Silk Road bitcoin and not from any particular user account.

### 5 **BITCOIN OVERVIEW**

6 6. Through my training and experience, and through reference to open-source information  
 7 available via the Internet, I know the following:

8 7. Bitcoin is a type of virtual currency.<sup>1</sup> Virtual currency (also known as cryptocurrency or  
 9 digital currency) is a digital representation of value that can function as a medium of exchange, a unit of  
 10 account, and/or a store of value.<sup>2</sup> It is generated and controlled through computer software operating on  
 11 a decentralized, peer-to-peer network. Virtual currency is not illegal in the United States and may be  
 12 used for legitimate financial transactions. However, virtual currency is frequently used in conjunction  
 13 with illegal or restricted activities, including, for example, purchasing illicit drugs on darknet markets.

14 8. To send and receive bitcoin, the parties involved in a transaction use Bitcoin “addresses.”  
 15 A Bitcoin address is somewhat analogous to a bank account number and is represented as a 26-to-35-  
 16 character-long case-sensitive string of letters and numbers. Each Bitcoin address is controlled through  
 17 the use of a unique, private key. This key is the equivalent of a password or PIN and is necessary to  
 18 access the funds associated with a Bitcoin address. Only the holder of a Bitcoin address’ private key can  
 19 authorize transfers of bitcoin from that address to other Bitcoin addresses. Users can operate multiple  
 20 Bitcoin addresses at any given time and can use a unique Bitcoin address for each transaction.

21 9. When a sender initiates a Bitcoin transaction, the sender transmits a transaction  
 22 announcement across the peer-to-peer Bitcoin network. To complete a transaction, a sender needs only  
 23 the Bitcoin address of the receiving party and the sender’s own private key. This information on its own  
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25 <sup>1</sup> Bitcoin is both a cryptocurrency and a protocol; because of this, capitalization differs. Accepted  
 26 practice is to use “Bitcoin” (singular with an uppercase letter B) to label the protocol, software, and  
 27 community, and “bitcoin” (with a lowercase letter b) or “BTC” to label units of the currency. That  
 practice is adopted here.

28 <sup>2</sup> For the purposes of this affidavit, “digital currency,” “cryptocurrency,” and “virtual currency”  
 address the same concept.



1 rarely reflects any identifying information about either the sender or the recipient. As a result, little-to-  
2 no personally identifiable information about the sender or recipient is transmitted in a Bitcoin  
3 transaction itself. Once the sender's transaction announcement is verified by the network, the transaction  
4 is added to the blockchain, a decentralized public ledger that records every Bitcoin transaction. The  
5 blockchain logs every Bitcoin address that has ever received bitcoin and maintains records of every  
6 transaction for each Bitcoin address.

7 10. Although a Bitcoin address owner's identity is generally anonymous within the  
8 blockchain (unless the owner chooses to make information about the owner's Bitcoin address publicly  
9 available), investigators can often use the blockchain to identify the owner of a particular Bitcoin  
10 address. Because the blockchain serves as a searchable public ledger of every Bitcoin transaction,  
11 investigators can trace transactions to, among other recipients, virtual currency exchanges.

#### 12 **REVIEWING THE BITCOIN PUBLIC LEDGER**

13 11. The Bitcoin public ledger can be accessed from any computer connected to the Internet  
14 simply by searching for it in a search program like Google. As noted above, the entire Bitcoin public  
15 ledger is stored on many of the computers that make up the peer-to-peer network.

16 12. Importantly, once a Bitcoin address is used, it becomes traceable by the history of all  
17 transactions that the address is involved with. Anyone can see the balance and all transactions of any  
18 address. This information is part of the public ledger.

19 13. At various times throughout the course of this investigation, I have had access to several  
20 industry-leading blockchain analysis and attribution products. These are all subscription-based services  
21 that IRS-CI uses on a professional basis. I have attended trainings offered by the makers of these  
22 products and others in the proper use of these products, as well as strategies for tracing bitcoin and other  
23 cryptocurrencies. The trainings I received included analysis of bitcoin at the address level and at the  
24 cluster level. I have also used these analytical tools in the course of several investigations leading to the  
25 arrest and conviction of criminal actors using virtual currencies to further their illicit activities.

26 14. The Declaration of Richard A. Sanders detailed transfers from Mt. Gox to Silk Road that  
27 he categorized as "indicative of theft or siphoning rather than individuals transacting on Silk Road." I  
28 previously reviewed these specific transfers as recorded in Mt. Gox records and concluded that these



were withdrawals from specific Mt. Gox user accounts and not part of the theft of funds from Mt. Gox. In light of Sanders' allegation that the Mt. Gox records may not be reliable, I reviewed these transfers as they were recorded in the Silk Road records and found evidence indicating that these withdrawals were made by Mt. Gox account holders to purchase illicit drugs on Silk Road.

15. The first two transfers to Silk Road consisted of a deposit of 1 BTC followed approximately 20 minutes later by a deposit of 27 BTC to an account with the username "bren10792" on May 3, 2012.<sup>3</sup> Based on my training and experience, it is common for someone to send a small amount of BTC as a test transaction before sending their intended amount, which is an indication that this may have been the first time this user transacted with Silk Road.<sup>4</sup> On May 3, 2012, the price of bitcoin closed at \$5.1344, making the initial value of the two deposits approximately \$143.76. Within an hour of the two deposits, user bren10792 used 25.07 BTC to purchase an item titled "Enanject 250 (Testosterone Enanthate) 10ML." According to the website GoodRx.com, Testosterone Enanthate is a Schedule III drug and only legally available at a pharmacy upon presentation of a valid prescription. This was the only purchase made using this account.

16. Based on the activity described above, it appears the user above withdrew funds from their Mt. Gox account to purchase an illicit drug. This may have been the user's first time using Silk Road given the initial test deposit and lack of purchase history associated with the account. This activity is not indicative of a thief stealing BTC from Mt. Gox.

17. The second deposit to Silk Road of approximately 68 BTC was made to an account with the username "emptyvoid987" on May 5, 2012. This was one of 26 deposits emptyvoid987 made between March 15, 2012 and May 22, 2012. The Silk Road records show that on the same day, emptyvoid987 used 96.9 BTC to purchase 44 of the following:

"Dextroamphetamine (Dexedrine) Spansules (Extended Release), 15mg capsules. Non-Generic, Brand-Name"

described as:

<sup>3</sup> All dates contained herein are approximate.

<sup>4</sup> For example, to affect the seizure of the BTC for this investigation, IRS-CI Special Agents transferred 1 BTC to the IRS-CI controlled BTC address as a test before transferring the remaining BTC to the IRS-CI address.



1 “This is as smooth and pure as it's ever gonna get if you're looking for uppers. Although  
2 less known than it's older brother, Adderall, Dexedrine is a purer D-isomer formulation  
3 of amphetamine. Extremely strong, smooth and easy on the central nervous system; like  
4 Adderall without the sides.”

5 18. According to GoodRX.com, Dextroamphetamine (Dexedrine) is a Schedule II controlled  
6 substance and is only legally available at a pharmacy upon presentation of a valid prescription.

7 19. Emptyvoid987 also purchased crystal methamphetamine (a Schedule II controlled  
8 substance) on April 9, 2012; MDMA (a Schedule I controlled substance) on May 23, 2012; and Valium  
9 (a Schedule IV controlled substance) on December 26, 2012.

10 20. None of Emptyvoid987's activity is indicative of a thief stealing BTC from Mt. Gox.

11 21. The third deposit to Silk Road of approximately 155 BTC was made to an account with  
12 the username “TakeMore” on or about May 6, 2012. This was one of 54 deposits the user made between  
13 October 23, 2011 and September 24, 2013. Approximately two days after the user made the 155 BTC  
14 deposit, the user purchased marijuana for 143.43 BTC based on this description from the listing:

15 “This listing is for AAA/Medium Grade Marijuana. You MUST specify the strain when  
16 ordering.”

17 22. A sample of other purchases by TakeMore included cocaine on October 25, 2011,  
18 MDMA on February 15, 2012, and LSD on March 28, 2012. None of TakeMore's activity is indicative  
19 of a thief stealing Bitcoin from Mt. Gox.

20 23. Silk Road users were encouraged to use encryption to hide their shipping details so that  
21 only the vendor could know where to ship the purchased items. TakeMore failed to encrypt their  
22 shipping information on four separate occasions. All four shipments were addressed to the same  
23 individual at the same address located in Sweden.

24 24. In summary, the transactions offered by the Claimants as “indicative of theft” are instead  
25 withdrawals by Mt. Gox users for the purchase of illicit drugs from Silk Road vendors. This conclusion  
26 is supported by the public blockchain, Mt. Gox records, and Silk Road records.



1 I declare under penalty of perjury that the foregoing is true and correct to the best of my  
2 knowledge and belief. Executed this 2nd day of June, 2022 in East Lansing, Michigan.

3  
4 /s/  
JEREMIAH HAYNIE  
5 Special Agent  
Internal Revenue Service – Criminal Investigation  
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